

December 7, 2001

***Brought to you by the Transportation Appropriations
Subcommittee . . .***

***A \$423 million cut in TEA 21's State Highway Formula
Funds!***

Dear Colleague:

Last week, the House overwhelmingly approved H.R. 2299, the FY2002 Transportation Appropriations Act. Given that the conference report was filed less than two hours before it was brought to the House Floor for consideration and the only publicly available copy was incomplete, only a handful of Members had any idea what was in the Act. ***Today, we write to shine a little light on the Transportation Appropriations Act. We begin with the \$423 million unprecedented cut to TEA 21's state highway formula funds.***

In October, each state received a notice from the Federal Highway Administration (FHWA) informing it of the amount of highway formula funds the state would receive in fiscal year 2002 pursuant to the Transportation Equity Act for the 21st Century (TEA 21). These highway formula funds make up the core highway construction programs (e.g., National Highway System, Interstate Maintenance, Bridge, and Congestion Mitigation and Air Quality programs). These funds include the annual adjustment, known as revenue aligned budget authority (RABA), to ensure that highway gas tax receipts equal funding authority.

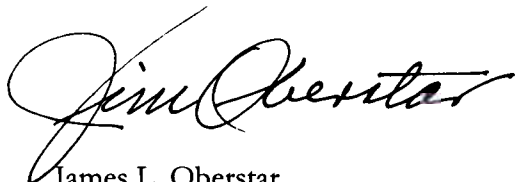
In an unprecedented move, the Transportation Appropriations Subcommittee cut each state's highway formula funds. The Act cuts a total of \$423 million from the states' highway formula funds to enable the Appropriators to fund more project earmarks for the select few. In the near future, each state will receive a notice from the Federal Highway Administration telling it to disregard the October 2001 notice it received regarding its share of highway funds for fiscal year 2002 provided under TEA 21. The bottom line of the FHWA notice will be simple – ***the Appropriators rewrote the law and now every state loses, generally more than 10 percent of its RABA funds.*** California loses \$38 million, Texas \$33 million, New York \$21 million, Oregon \$5 million, Georgia \$15 million, Connecticut \$6 million, Arizona \$8 million, Ohio \$15 million If your state is not listed, see the back of this Dear Colleague to find out how much your state's highway formula RABA funds have been cut.

Moreover, in TEA 21, one of the most difficult issues we considered was the distribution of the highway funds among the states – the highway formula. We worked very hard to ensure that donor states received a minimum guarantee of highway formula funds. ***The Appropriators have skewed the highway formula, through project earmarks at the expense of every state, to the select few.***

We regret that the Transportation Appropriations Act has cut every state's TEA 21 highway formula funds, and skewed the formula, to enable the Appropriators to fund more project earmarks for the select few. ***No prior Transportation Appropriations Act has ever cut the state's highway formula funds and shown such disregard for the existing law.***

We strongly encourage you to contact Speaker Hastert and Democratic Leader Gephardt and urge them to work together to restore the funding to each of our states.

Sincerely,



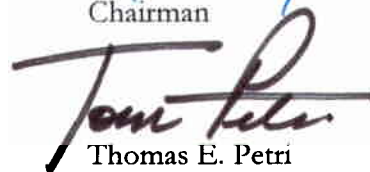
James L. Oberstar
Ranking Democratic Member



Robert A. Borski
Ranking Democratic Member
Subcommittee on
Highways and Transit



Don Young
Chairman



Thomas E. Petri
Chairman
Subcommittee on
Highways and Transit